



Gower College Swansea
Coleg Gŵyr Abertawe

Gower College Swansea

Annual Report

**For the Year Ending
31 July 2014**

GOWER COLLEGE SWANSEA

ANNUAL REPORT OF THE GOVERNING BODY

This is the Annual Report for Gower College Swansea for the period from 1 August 2013 to 31 July 2014. This report contains the Chairman's Report on Educational and Financial Performance for the year together with the Statutory Financial Statements.

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GOWER COLLEGE SWANSEA

The Corporation

The members who served the College during the year and subsequent to the year-end up to the date of signing the Annual Report were as follows :

Governor	Year of Appointment/ Reappointment	Term of Office	Status of Appointment	Committees Served During the Year
Mr C Cornelius	2012	4 years	Business	Chairman : Corporation, S&G, Rem, F&GP, HR
Mrs C Green	2012	4 years	Community	Vice Chair : Corporation, Audit, Rem, HR, S&G
Dr D Ashelby	2010	4 years	Co-opted	Chair : C&Q, F&GP, S&G
Miss Rosie Brett	2013	1 year	Student	C&Q, LS
Mr J Britton	2010	4 years	Community	Vice Chair : F&GP & HR until March 2014
Mr D Clifford	2010	4 years	Staff	LS, Audit
CLlr A M Day	2012	4 years	Business	C&Q, HR
Mr A Donald	2010	4 years	Business	Chairman : F&GP HR, Rem
Mr Jack Govier	2013	1 year	Student	C&Q, LS
Mr M Jones	2013	Whilst Principal	Principal & Chief Executive	C&Q, LS, F&GP
M R Jones	2012 (resigned July 2014)	4 years	Business	Vice-Chair F&GP, (from March 2014)
Mr A R Kirby	2010	4 years	Business	Chair : LS S&G
Dr P Padley	2010	4 years	Co-opted	Vice Chair : C&Q Audit, LS
Mrs C Patel	2010	4 years	Community	Chair : HR F&GP
CLlr David Phillips	2012	4 years	Local Authority	
Mrs S Poole	2010	4 years	Staff	C&Q, S&G
Ms F Rees	2010	4 years	Business	Vice Chair : S&G Audit, LS
Judge R Singh	2010	4 years	Co-opted	Chair : Audit
CLlr Mitchell Theaker	2012	4 years	Local Authority	LS
Mr G Williams	2010	4 years	Business	C&Q

Key :

F&GP	Finance & General Purposes Committee	Rem	Remuneration Committee
HR	Human Resources Committee	C&Q	Curriculum & Quality Committee
S&G	Search & Governance Committee	LS	Learner Support Committee

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Subsequent to the year end there was a change in the Local Authority Governors with Councillors Christine Richards and Jennifer Raynor serving on the Board in place of Councillors David Phillips and Mitchell Theaker.

Mrs S Barron was the Clerk to the Corporation

During the period the Strategic Planning Group was as follows:

Mr M Jones	Principal and Chief Executive
Mr P Harris	Vice Principal Corporate Services
Mrs K Morgan	Vice Principal Academic Services
Mr N Brazil	Dean of Faculty
Ms R Prosser	Dean of Faculty

Mrs Noreen Williamson retired as Deputy Principal in August 2013.

During the period the External Auditors were Wales Audit Office, the Internal Auditors were TIAA Limited, the Bankers to the College were HSBC (retail banking) and Barclays Wealth (investment banking), and the Solicitors to the College were Blake Morgan Cole.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT

The members present their report and the audited financial statements for the year ended 31 July 2014.

Legal Status and Public Benefit

The Corporation was established under the Further and Higher Education Act 1992.

Gower College Swansea is an exempt charity under the Part 3 of the Charities Act 2011. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 2 and 3.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

Vision

The vision for Gower College Swansea is :

"To be the best College in Wales".

To achieve this we will :

- Provide the best leadership
- Provide the best learning experience
- Have the best staff
- Offer the best curriculum
- Provide the best value for money
- Be the best College to work for
- Provide the best services to employers
- Provide the best opportunities

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

The College recognises that this is a challenging vision for the future. It will be underpinned by the key principle of ensuring that learners are central to everything we do.

Introduction

Gower College Swansea has over 13,000 enrolments with an annual turnover of £37 million. The College employs 569 FTE academic staff along with 215 business support staff.

Gower College Swansea operates across the city of Swansea on 6 sites: Canolfan Centre, Gorseinon Campus, Kingsway Centre, Llwyn y Bryn Campus, Sketty Hall and Tycoch Campus. A large number of students attend the College from outside the city, some travelling considerable distances to do so.

Our aim here is to have progression opportunities from entry to undergraduate level of study with appropriate levels of support for students whatever their starting point. We are determined to support DFES policies in ensuring that vocational learning leads to worthwhile outcomes.

Harmonisation of Staff Contracts

Work on harmonising contracts of employment remains a significant challenge and is nearing conclusion following agreement of a single common contract for the FE sector in Wales. These negotiations, between Colegau Cymru, representing all the Colleges in Wales, and the Joint Trades Unions, representing teaching and business support staff, have been ongoing throughout the year. As a result the Common Contract was offered to all staff during the year, with more than 90% moving to these terms and conditions in September 2014.

Estates Strategy

Our vision is that the College will have first class facilities for all its learners.

The College completed the construction of a new teaching block on the Gorseinon Campus which was opened in September 2014. The building comprises IT suites, classrooms and a gym plus facilities. At the same time the College has also refurbished and extended the Learning Resource Centre at the Gorseinon Campus.

During the year, the College completed the purchase of the old Hill House Hospital site, adjacent to the Tycoch Campus. This has allowed the College to vacate its Sandringham Park premises and relocate activity to Tycoch. During the coming year the College intends to construct a roadway linking the two sites.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

The development of the Hill House site as identified in the College's Estates Strategy is dependent on the College obtaining capital funds. With the announcement from Welsh Government that no such funds are available in the near future, the College will review its Estates Strategy to ensure it remains relevant and achievable. Nevertheless, detailed plans for the development of the site have been completed and planning permission applications submitted to the Local Authority.

Quality and Standards

Estyn last undertook a full inspection of all mainstream FE provision at the College in January 2012. The outcomes of the inspection, our first under the new inspection framework were positive and are set out below.

	2011/12 Estyn Judgement	2012/13 College Judgement	2013/14 College Judgement
Key Question 1 – How good are outcomes? 1.1 Standards 1.2 Wellbeing	Good Good	Good Good	Good Good
Key Question 2 – How good is provision?	Good	Good	Good
Key Question 3 – How good are leadership and management?	Good	Good	Good
Overall Rating	Good	Good	Good
In addition Estyn also rated the College's prospects for improvement as "Good"			

The College has a robust internal inspection programme and the outcomes of this rolling programme are as follows :

Learning Area:	Standards	Learning Experience	Teaching & Training
Technology November 2011	Adequate	Good	Good
Health & Care March 2012	Good	Good	Good
ABE/ESOL April 2012	Adequate	Good	Good
Humanities October 2012	Good	Good	Good
Work-based Learning December 2012	Adequate	-	Good
Visual Arts February 2013	Good	Good	Good

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CHAIRMAN'S REPORT (CONT'D)

Learning Area:	Standards	Learning Experience	Teaching & Training
Performing Arts February 2013	Good	Good	Good
Sport & Public Services April 2013	Good	Good	Good
Business April 2013	Good	Good	Good
Maths, Science & Social Sciences October 2013	Good	Good	Good
Engineering December 2013	Good	Good	Good
Hair & Beauty March 2014	Good	Excellent	Excellent
Hospitality, Travel, Tourism & ILS March 2014	Excellent	Excellent	Excellent

Following internal inspection each Learning Area compiled an improvement action plan which has been monitored in the Curriculum & Quality Group with all showing good progress.

Specific focus was placed on Work Based learning (WBL) with the introduction of a taskforce group which has met fortnightly to address the issues identified in this area and ensure the College is prepared for the impending Estyn inspection of WBL

The focus that the College has placed over the past few years on improving its success rate has had a positive impact showing an upward trend with the latest verified data (2012/13) at 83%.

	College	Sector Average
2009/10	77%	80%
2010/11	73%	80%
2011/12	75%	82%
2012/13	83%	84%

This has been achieved through a combination of attention to data accuracy and timely certification claims plus a focus on underperforming courses achieved through the implementation of a Quality Improvement Plan.

In the 2014/15 operational plan a target of 85% for successful completion has been set.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

Results

The provisional results of full-time students at Gower College Swansea for 2013/14 can be summarised as follows:

A Levels	Enrolments	Retention	Attainment	Successful Completion
2010/11	1,894	94%	95%	90%
2011/12	1,723	90%	98%	88%
2012/13	1,666	94%	95%	90%
2013/14	1,738	94%	96%	90%

AS Levels	Enrolments	Retention	Attainment	Successful Completion
2010/11	3,217	83%	79%	65%
2011/12	2,954	82%	87%	71%
2012/13	2,875	86%	84%	73%
2013/14	2,953	86%	83%	71%

Vocational Level 3	Enrolments	Retention	Attainment	Successful Completion
2010/11	1,981	93%	87%	81%
2011/12	1,867	91%	92%	82%
2012/13	1,629	88%	84%	74%
2013/14	1,667	90%	86%	78%

The drop in performance in vocational level 3 courses is due to changes in the recording of data required by DfES during 2012/13.

Work Based Learning (WBL)

The College provides a range of training through Apprenticeships, Traineeships, Work Ready and the Steps to Employment programme through its Work Based Learning contract.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

The provisional performance for 2013/14 can be summarised as :

Programme	Measure	Achievement (%) 2011/12	Achievement (%) 2012/13	Achievement (%) 2013/14	National comparator 2012/13
Apprenticeships	Framework success (%)	80%	86%	85%	85%
Traineeship Engagement	Positive progressions	46%	57%	57%	57%
Traineeship Engagement	Learning act success	n/a	n/a	100%	82%
Traineeship level 1	Positive progressions	47%	58%	47%	58%
Traineeship level 1	Learning act success	59%	84%	63%	84%
Work Ready	Positive progressions	n/a	n/a	26%	56%
Work Ready	Learning act success	n/a	n/a	70%	77%
Steps	Positive progressions	36%	41%	54%	56%
Steps	Learning act success	52%	69%	70%	77%

A key focus for the College is the improvement of all performance indicators relating to work based learning with the aim to exceed the sector benchmark in all areas.

Teaching and Learning

Excellence in Teaching and Learning Group

2013/14 saw the introduction of a key new meeting group – the Excellence in Teaching and Learning Group. It brought together teaching staff representing each area of the College in order to discuss core business – teaching and learning, looking for ways to drive forward new approaches. During the meetings key themes emerged. Ways to share the excellent practice that is found throughout the College were explored and the group recognised the importance of innovation and the need to experiment with new ideas to keep teaching fresh and motivating for the learner and the teacher.

The group looked at ways to build on the College's current strengths, at ways technology could support teaching and learning and new opportunities for sharing ideas across the College. At the end of last term the group's ideas were brought together into a Teaching and Learning Strategy and action plan.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

This year will see a couple of new and exciting developments in teaching and learning:

First, there will be a College-wide focus on innovation and supported experiments through the APEX (approaching excellence) project. The idea is to promote the benefit of trying something new, while working with the support of colleagues in teams and across the College.

Second, the development of a new teaching and learning hub. This will be a central location for teaching resources and ideas, as well as a place to share good practice.

The work of the Excellence in Teaching and Learning Group will continue this year both to monitor the implementation of the strategy and action plan and to look for further ways to develop teaching practice.

Financial Performance

The College's educational performance is backed up with a sound and robust financial performance. The College's underlying financial performance, measured as operating cost surplus can be summarised as follows :

	2011/12	2012/13	2013/14
	£000	£000	£000
Operating cost surplus	819	783	812
Exceptional costs	(675)	(130)	(928)
Profit/(Loss) on disposal of assets	(16)	(2)	116
FRS17 pension (charges)	(437)	(590)	(370)
Surplus/(deficit) for the year	(309)	61	(370)

For 2013/14, Colleges were originally allocated a 1.0% increase in its funding. However in July 2013 this was withdrawn and a 1.5% funding reduction was applied. Given the lateness of the change in funding (decrease of 2.5% or £675,000), the operating cost surplus of £812,000 represents a creditable performance.

The College will also strive to achieve further efficiencies through procurement initiatives and collaboration with other public sector institutions. During the year, the College achieved procurement savings of 5.6%, which exceeds the Welsh Government target of 3%.

Creditor Payments

The College is aware of its obligations under The Late Payment of Commercial Debt (Interest) Act 1998. It is the College policy for all suppliers to be paid within the payment terms of each individual supplier. During the year, the College made payments on average within 50 days (2012/13 : 39 days) from the date of the invoice.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

The College did not incur any interest under The Late Payment of Commercial Debts (Interest) Act 1998.

Fixed Assets

The College's continued robust financial performance has enabled it to make significant investment in resources for the benefit of the learner. In 2013/14 the College invested in excess of £6.4 million in its estate including:-

- Acquisition of Hill House estate
- Construction of 18 classroom teaching block
- Additional premises in Kingsway
- Increase and update of ILT computer equipment
- Estates development, improvement, refurbishment and maintenance
- Disability Discrimination Act building work and improvements
- Equipment for Divisions and Functional areas.

The College also recognises the need for future investment, including the development of its estate to meet the future needs of the learner. Therefore, the College continues to provide the resources for this future investment.

Risk Management

The College Risk Management Committee meets at least termly and is constituted of senior managers of the College and is chaired by the Vice Principal Corporate Services. At each meeting a review is performed of the risks to which the College is exposed.

The risks are evaluated and reported to each Audit Committee throughout the year with all risks with medium or high risk rating being reported. The risks are prioritised using a consistent scoring system.

The most significant issue currently facing the College relates to funding allocations.

Welsh Government Funding (WG)

The College has a high level of reliance on WG funding. In the current economic climate WG are reviewing all streams of funding and in particular funding for training for employers. WG have indicated there will be reductions in funding for 2015/16.

The College is mitigating the risk by contributing to the WG consultation. The College Principal is the Chair of Colegau Cymru who are leading the sector's response to the challenging funding situation. In addition, the College continues to be actively seeking alternative and additional sources of funding.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

Payroll Costs

A condition of funding for Welsh FE Colleges is a requirement to maintain pay parity with schools. As a consequence, control of cost of living pay awards is not held within colleges, which provides a difficult position at a time of reductions in funding.

Upcoming changes in relation to pension arrangements will impact significantly on the College in the next two years. In September 2015, the employers' pension contribution rate to the Teachers' Pension Scheme will increase from 14.1% to 16.4%. Further, in April 2016 the national insurance rebate in respect of staff who are members of pension schemes will also be removed. The combined annual impact of these two changes is estimated as £600,000.

Health & Safety

The College is committed to providing a safe learning environment for students and staff. The College Health & Safety Committee meets to ensure robust processes and procedures are in place for all aspects of College life and particular emphasis is placed on areas such as educational trips and third party premises used by students as part of their work placement.

The number of RIDDORS (reportable accidents) in 2013/14 was 7 compared with 9 in the prior year. A thorough review has not identified any systematic issues and the College remains committed to eliminating all RIDDORS.

The College also operates a comprehensive risk assessment process with all risk assessments being updated annually.

The Environment

The College continues to promote sustainability and during the year the Environmental, Sustainable Development and Global Citizenship (ESDGC) Group met several times.

In furthering the above aims, the College has developed its :

- Sustainable Development Strategy
- Sustainable Procurement Assessment Framework
- Environmental Policy Statement
- Energy Water Management Policy
- Procurement Strategy

The College has also been successful in obtaining its Green Dragon Level 4 Award for Environmental Management.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

Energy

The College has been implementing a number of building management control systems in recent years to reduce ongoing energy consumption.

The College is focussed on reducing electricity consumption through the introduction of LED lighting, installation of voltage optimisation units and "switch-off" initiatives.

Gas consumption has decreased due to the mild winter compared with the severe cold weather over the winter period during 2012/13.

Energy data for the College is as follows :

	2011/12	2012/13	2013/14
Electricity consumption (kwh)	3,124,000	3,064,000	3,033,130
Gas consumption (kwh)	2,953,000	3,868,000	3,170,746
CO ₂ produced (kg)	2,264,000	2,400,958	2,223,440
CO ₂ (kg per m ²)	55.5	58.8	54.8
Water consumption (m ³)	12,622	15,366	16,592

Waste

The College encourages all staff to minimise waste in line with reduce, reuse and recycle. Recycling bins are available across all sites and are collected separately by the College's waste disposal contractor. It is the College aim to reduce the level of waste sent to landfill.

The College also seeks to reduce paper usage and recent initiatives include:

- All new photocopiers have double-sided printing, copying and scanning functionality
- Non-renewal of desktop printers.
- Introduction of iPads to reduce meetings papers (all governor and management meetings)

As the College looks to further develop its estate it will seek to meet the high BREEAM standards set by WG for public sector new build projects.

Governance

The College has a well-developed governance structure with a fully functioning committee structure and well attended Board meetings. The Board represents a broad range of community and business interests and provides both scrutiny and support for the executive. The Board includes two student representatives and two staff representatives.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

Governors are also becoming more actively involved in the link governor scheme where members are encouraged to engage in the activities of faculties and functional areas. Governors also play a leading role in internal College groups. A list of Board members together with the committees on which they serve, the internal and external auditors, the College Bankers and solicitors is shown on pages 2 – 3.

Apart from chairing Board meetings, The Chair of Governors has responsibility for the line management of the Principal and the Clerk. In addition there are meetings with strategic partners, inspectors and other external bodies that require his attendance on behalf of the College. He consults regularly with the Principal.

External Matters

The College enjoys a good reputation nationally as well as locally.

Our staff are involved heavily in the Estyn Peer Inspector programme with more staff receiving initial training this year. These staff will visit other FE institutions as part of the Estyn inspection team and be able to work within the College in our own internal inspection exercises and in sharing good practice.

Many staff are involved in the public examination system in Wales and some are senior or chief examiners at A level. This helps us keep abreast of developments in the area of assessment and examination so important for our learners. Other staff act as external verifiers for vocational qualifications which again brings to the organisation valuable insights into best practice and course development.

We are members of the Regional Learning Partnership and sit on its steering and management groups. The RLP has been identified, by the Minister For Education and Skills, as a pioneering model for co-operation across provider sectors and geographical regions. It has overseen the reconfiguration of Higher Education across SW Wales and instituted on-line tools for accessing information about the regions curriculum offer.

The College Principal is the current Chair of Colegau Cymru Board and at that level discusses broad FE policy for the sector. The College is also directly involved in national negotiations with Joint Trades Unions on pay and conditions for FE staff in the Principality.

Gower College Swansea has been chosen to be Cambridge University's HE+ centre for South Wales, helping to increase the number of talented students gain entry to this world-class university. The move underlines the esteem in which this College is held by some of the UK's most prestigious HEI's. 9 students gained entry to Oxford and Cambridge Universities this year.

GOWER COLLEGE SWANSEA

CHAIRMAN'S REPORT (CONT'D)

The College is the lead partner in an ESF project to deliver skills to employees in companies throughout SW Wales. Partners in this project include Pembrokeshire College, Coleg Sir Gar, Coleg Ceredigion and NPTC Group.

The College plays an influential role in developing the City and County of Swansea's planning of secondary education and has contributed to stakeholder consultations on the way forward for post-16 provision in the area. The Principal is a member of the Swansea Learning Partnership where a range of developments are overseen such as Estyn's inspection of the local Adult Community Learning provision in Swansea, approaches to reducing NEETs in Swansea, and work on improving literacy in all Swansea schools.

Conclusion

The College has a strong foundation to provide excellent educational performance and sound finances.

I recognise that this very strong position has been won through the hard work and dedication of all our staff who, I am confident, will take the College forward to ever greater performance in the service of the people of Swansea, South West Wales and beyond.



C Cornelius
CHAIRMAN, GOWER COLLEGE SWANSEA

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL

The College is committed to exhibiting best practice in all aspects of corporate governance.

This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council (FRC) in September 2012. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31st July 2014. The Corporation Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commissioner's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Corporation

The composition of the Corporation is set out on pages 2-3. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College, together with other information such as, performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets at least each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Human Resources, Remuneration, Search and Governance, Curriculum and Quality, Learner Support and Audit.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation, and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)

The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee which comprises six governors who are responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

Chair of Governors

The role of the Chair of Governors is to chair the Corporation Board meetings. In addition, the Chair is responsible for responding to any matters affecting the College as they arise. However, the Chair has no authority to act other than in support of the decisions taken by the Corporation Board and The Further Education Corporations (Replacement of Instrument and Articles of Government) (Wales) Order 2006.

Principal

The Principal is also a member of the Corporation Board. The Principal is responsible as Accounting Officer (a responsibility defined by Act of Parliament) for the day-to-day running of the College.

There is a clear division of responsibility in that the roles of the Chair and Principal are separate.

No Governor, other than the Principal and the Staff Governors, receives any remuneration from the College.

All Governors and Senior Staff of the College are required to complete a Register of Interests Declaration, which is open to inspection.

Finance and General Purposes Committee

The Committee comprises seven Governors and meets to consider, advise and report to the Corporation Board on all aspects of the College's finances, financial policies and controls, and on other matters such as Estates. The Committee met on 4 occasions during 2013/14.

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)

Human Resources Committee

The Committee comprises six Governors and meets to consider, advise and report to the Corporation Board on all matters relating to employee issues. The Committee met on 3 (one inquorate meeting) occasions during 2013/14.

Search and Governance Committee

The Committee comprises six Governors whose purpose is to advise the Corporation on the appointment of new members of the Corporation and recommend policies and procedures for the induction, appraisal and governance development of the Corporation. The Committee convened on 4 occasions during 2013/14.

Curriculum and Quality Committee

The Committee comprises eight Governors whose purpose is to advise the Corporation Board on the determination of the educational character and mission of the College and to receive and consider internal and external reports on quality assessments following inspections into curriculum areas within the College. The Committee met on 3 occasions during 2013/14.

Learner Support Committee

The Committee comprises of eight Governors whose purpose is to advise the Corporation Board in the arrangements made to support students during their time at the College. The Committee met on three occasions during 2013/14.

Remuneration Committee

The Committee's responsibilities are to make recommendations to the Board on the remuneration and other terms and conditions of the Principal and other senior post holders. The Committee has 3 members. The Committee convened on one occasion during 2013/14.

Audit Committee

The Audit Committee comprises six members of the Corporation (excluding the Principal, Chair and Student Governors). The Committee operates in accordance with written terms of reference approved by the Corporation. The members of the Audit Committee are precluded from sitting on the Finance and General Purposes Committee. The Committee convened on 5 occasions during 2013/14.

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)

The Committee provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Welsh Government as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit Committee.

Management are responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

Minutes of Meetings

Minutes are retained of all Corporation Board and Committee meetings. The minutes of the Committee meetings are provided to all Governors subject to the exclusions described in The Further Education Corporations (Replacement of Instrument and Articles of Government) (Wales) Order 2006 and reports are received by the Corporation Board from the Chairs of the various Committees.

Minutes of the Corporation Board meetings are made available to the public subject to the exclusions described in The Further Education Corporations (Replacement of Instrument and Articles of Government) (Wales) Order 2006. The Board minutes incorporate any significant matters reported by the Committees. The minutes are available from the Clerk to the Corporation.

Internal Control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Gower College Swansea and the Welsh Government. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Gower College Swansea for the year ended 31 July 2014 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation Board
- Regular reviews by the Corporation Board of periodic and annual financial reports, which indicate the financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)

Gower College Swansea has an internal audit service, which operates in accordance with the requirements of the Welsh Government. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, Internal Audit provides the Corporation Board with a report on internal audit activity in the College. The report includes Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the Internal Auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's Financial Statements auditors and the Welsh Government's auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of Internal Audit, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Strategic Planning Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Strategic Planning Group and the Audit Committee also receive regular reports from Internal Audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation receives reports for consideration of risks and control from the Strategic Planning Group and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)

At its December 2014 meeting, the Corporation of Gower College Swansea carried out the annual assessment for the year ended 31 July 2014 by considering documentation from the Strategic Planning Group and Internal Audit, and taking account of events since 31 July 2014.

Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the Institution has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for the "effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Governing Body's statement on the Corporation's regularity, propriety and compliance with Funding body terms and conditions of funding

The Corporation has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with Welsh Government terms and conditions of the funding, under the funding agreement in place between the College and the Welsh Government. As part of its consideration the Corporation has had due regard to the requirements of the funding agreement.

We confirm, on behalf of the Corporation, that **to the best of its knowledge**, the Corporation believes it is able to identify any material irregular use of funds by the College, or material non-compliance with the Welsh Government's terms and conditions under the College's funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Welsh Government.

Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason the Governors continue to adopt the going concern basis in preparing the Financial Statements.

Auditors

The College is subject to the following audits on a regular basis:

Internal Auditors

The College's internal auditors for 2013/14 were TIAA Ltd. They are responsible for reviewing the College's systems of control and reporting to the Audit Committee. The terms of reference of the internal auditors and the scope of their work is determined by the Audit Committee.

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)

External Auditors

Currently, the College's external auditors are Wales Audit Office. The external auditors are responsible for providing an independent report to the Corporation Board on whether or not, in their opinion, the financial statements presented for the financial year show a true and fair view.

Welsh Government Internal Auditors

The internal auditors employed by the Welsh Government visit the College periodically to review aspects of financial control and operating efficiency, depending upon terms of reference provided by the Welsh Government.

Estyn

Periodically, the teaching provision at the College is subject to quality assessment. This assessment is undertaken to compare the quality performance of the College with a predetermined set of benchmarks. The College last underwent an Estyn inspection of its FE recurrent grant funded activity in January 2012.

Welsh Government Quality Reviews

As a training provider to the Welsh Government the College is subject to periodic quality reviews for this provision.

Auditor General for Wales

Although infrequent, the College's financial and operational activities may be subject to review by the Auditor General for Wales.

In the case of the internal and external auditors, the appointment is subject to a tender process. This tender process was last completed during 2010/11 for external audit and during 2013/14 for internal audit.

Whistleblowing Policy

The Corporation has adopted and operates a Whistleblowing Policy (available on the College Intranet) with the initial contact for any concerns about malpractice being the Clerk to the Corporation who can be contacted confidentially on (01792) 284222.

GOWER COLLEGE SWANSEA

CORPORATE GOVERNANCE STATEMENT INCORPORATING THE STATEMENT OF INTERNAL CONTROL (continued)

Correspondence should be sent to the following address:

Private and Confidential: Addressee Only (PID)
Clerk to the Corporation
Gower College Swansea
Tycoch Road
Sketty
SWANSEA SA2 9EB



**C Cornelius
CHAIRMAN**



**M Jones
PRINCIPAL**

Date: 11 December 2014

Date: 11 December 2014

GOWER COLLEGE SWANSEA

STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY

The Members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the financial memorandum agreed between the Welsh Government and the Corporation of the College, the Corporation, through its chief officer, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the College and the surplus for that year.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

Members of the Corporation are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions which the Welsh Government may from time to time prescribe. Members of the Corporation must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, members of the Corporation are responsible for securing the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Welsh Government are not put at risk.

Signed for and on behalf of the Governors by:



C Cornelius
Chairman

GOWER COLLEGE SWANSEA

Independent Auditors' Report to the Governing Body of Gower College Swansea

We have audited the financial statements of Gower College Swansea for the year ended 31 July 2014, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, UK accounting standards (UK Generally Accepted Accounting Practice) the Statement of Recommended Practice – Accounting for Further and Higher Education and the Accounts Direction issued by the Welsh Government.

Respective responsibilities of the Governing Body and Auditor

As explained more fully in the Statement of Governing Body's responsibilities, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Governing Body, as a body, in accordance with Article 19 of the Institutions articles of government. Our work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements.

We report to you whether in our opinion, in all material respects, monies expended out of Welsh Government grants and other funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation and whether in our opinion, in all material respects, income has been applied in accordance with the financial memorandum with the Welsh Government.

We also report to you if, in our opinion, the Governing Body' Report is not consistent with the financial statements, if the Institution has not kept proper accounting records, if the accounting records do not agree with the

GOWER COLLEGE SWANSEA

financial statements, or if we have not received all the information and explanations we require for our audit.

We read the Report of the Governing Body including the corporate governance statement and the statement of internal control and consider the implications for our report if we become aware of any apparent misstatement within it.

Opinion on financial statements

In our opinion:

- a) the financial statements give a true and fair view of the state of the Institution's affairs as at 31 July 2014 and of its surplus of income over expenditure and cash flows for the year then ended;
- b) the financial statements have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government, the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, and United Kingdom Generally Accepted Accounting Practice.

Opinion on other matters

In our opinion:

- a) in all material respects, monies expended out of Welsh Government grants and other funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- b) in all material respects, income has been applied in accordance with the financial memorandum with the Welsh Government

Matters on which we report by exception

We have nothing to report in respect of the following matters, which we report to you, if, in our opinion:

- a) the Governing Body' Report is not consistent with the financial statements;
- b) proper accounting records have not been kept; and
- c) the financial statements are not in agreement with the accounting records;
- d) we have not received all the information and explanations we require for our audit.

Derwyn Owen
Wales Audit Office
24 Cathedral Road
Cardiff

Date: 16 December 2014

The maintenance and integrity of Gower College Swansea website is the responsibility of the governing body of the College; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GOWER COLLEGE SWANSEA

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2014

	Notes	2014 £000	2013 £000
Income			
Welsh Government income	2	30,437	30,857
Tuition fees and education contracts	3	2,005	1,855
Other income	4	4,208	3,937
Investment income	5	213	291
Total income		36,863	36,940
Expenditure			
Staff costs	6	26,182	25,955
Exceptional staff costs	6	928	130
Other operating expenses	7	8,710	8,940
Depreciation	11	1,510	1,644
Interest payable	8	19	208
Total expenditure		37,349	36,877
(Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before profit/(loss) on disposal of fixed assets and tax		(486)	63
Profit/(Loss) on disposal of fixed assets		116	(2)
(Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation and after profit/(loss) on disposal of fixed assets and tax	10	(370)	61

The income and expenditure account is in respect of continuing activities.

GOWER COLLEGE SWANSEA

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 JULY 2014

	2014	2013
	£000	£000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and before and after tax	(370)	61
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	236	236
Historical cost (deficit)/surplus for the year before and after taxation	(134)	297

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2014

	2014	2013
	£000	£000
(Deficit)/Surplus for the year	(370)	61
Actuarial gain for the year in respect of the pension scheme	2,940	3,010
Total recognised gains relating to the year	2,570	3,071
Reconciliation	2014	2013
	£000	£000
Opening Reserves	13,285	10,214
Total recognised gains for the year	2,570	3,071
Closing reserves	15,855	13,285

GOWER COLLEGE SWANSEA

BALANCE SHEETS AS AT 31 JULY 2014

College	Notes	2014 £000	2013 £000
Fixed Assets			
Tangible assets	11	30,794	25,941
Current Assets			
Stock		10	12
Debtors	12	2,039	1,438
Investments	24	7,000	6,500
Cash at bank and in hand	24	2,235	7,465
Total current assets		11,284	15,415
Creditors: amounts falling due within one year	13	(6,440)	(5,364)
Net current assets		4,844	10,051
Total assets less current liabilities		35,638	35,992
Creditors : amounts falling due after more than one year	14	(1,047)	(1,125)
		34,591	34,867
Provisions for liabilities and charges	15	(1,528)	(1,552)
Net assets excluding pension liability		33,063	33,315
Net pension liability	18	(11,110)	(13,680)
NET ASSETS INCLUDING PENSION LIABILITY		21,953	19,635
Deferred capital grants	16	6,098	6,350
Reserves			
Income and expenditure account excluding pension reserve		19,528	19,292
Pension reserve	17	(11,110)	(13,680)
Income and expenditure account including pension reserve	17	8,418	5,612
Revaluation reserve	17	7,437	7,673
Total Reserves		15,855	13,285
TOTAL		21,953	19,635

The financial statements on pages 28-54 were approved by the Corporation on 11 December 2014 and were signed on its behalf by:



C Cornelius
CHAIRMAN



M Jones
PRINCIPAL



M Glover
HEAD OF FINANCE

GOWER COLLEGE SWANSEA

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2014

	Notes	2014 £000	2013 £000
Cash flow from Operating Activities	19	847	2,306
Returns on Investments and Servicing of finance	20	170	323
Capital expenditure and financial investment	21	(5,669)	(2,183)
Management of liquid resources	22	(500)	1,850
Financing	23	(78)	(73)
(Decrease)/Increase in cash in the period	24	<u>(5,230)</u>	<u>2,223</u>

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

	2014 £000	2013 £000
(Decrease)/Increase in cash in the period	(5,230)	2,223
Change in net debt resulting from cash flows	78	73
	(5,152)	2,296
Increase/(Decrease) in short term deposits	500	(1,850)
(Decrease)/Increase in net funds	(4,652)	446
Net funds at 1 August	12,766	12,320
Net funds at 31 July	24	<u>8,114</u>
		<u>12,766</u>

GOWER COLLEGE SWANSEA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting in Further and Higher Education and in accordance with applicable Accounting Standards and with the Accounts Direction issued by Welsh Government.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Recognition of Income

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Pension Schemes

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension costs is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

GOWER COLLEGE SWANSEA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014 (continued)

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the Welsh Government.

Tangible Fixed Assets

The transitional arrangements of FRS15 have been adopted and the College does not plan to revalue Fixed Assets in the future.

a) *Land and Buildings*

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. Enhancements to land and buildings are depreciated over the expected useful economic useful life in the range of 10-30 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as explained above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

b) *Equipment*

Equipment which has a useful life in excess of one year is capitalised at cost. All other items of equipment are expensed to the income and expenditure account in the period of acquisition. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation, based on its estimated depreciated cost.

Equipment is depreciated over its useful economic life using the straight line method as follows:

Motor vehicles	25%	per annum
Computer equipment	25%	per annum
General equipment	10% - 20%	per annum

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

GOWER COLLEGE SWANSEA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014 (continued)

Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Stocks

Stocks are stated at the lower of cost and net realisable value and represent the stock held at Sketty Hall at the year end.

Maintenance of Premises

The cost of planned and routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has a ten year planned maintenance programme which is reviewed on an annual basis.

Early Retirements

Where staff are retired under premature arrangements which include a commitment by the College to supplement their future pensions, a provision has been established in the financial statements in respect of these future costs. Future pension payments are made directly from this provision.

Financial Contingency Fund

The institution acts as an agent in the collection and payment of financial contingency funds and educational maintenance allowances. Related payments received from the Welsh Government and subsequent disbursements to students and institutions are excluded from the income and expenditure account and are shown separately in note 29.

GOWER COLLEGE SWANSEA

2) WELSH GOVERNMENT INCOME

	2014	2013
	£000	£000
Recurrent grant	26,585	27,010
Work based learning	3,010	2,954
Release of deferred capital grants	318	386
Other Welsh Government grants	524	507
	30,437	30,857

3) TUITION FEES AND EDUCATION CONTRACTS

	2014	2013
	£000	£000
Tuition fees	1,427	1,463
Education contracts	578	392
	2,005	1,855

4) OTHER INCOME

	2014	2013
	£000	£000
Catering operations	844	848
Other grants	1,627	1,400
Other income generating activities	561	608
Release of deferred capital grants (non Welsh Government grants)	44	61
Other income	1,132	1,020
	4,208	3,937

5) INVESTMENT INCOME

	2014	2013
	£000	£000
Interest receivable	133	291
Pension finance income	80	-
	213	291

6) STAFF COSTS

The average number of persons (including senior post holders) employed by the College during the period, expressed as full-time equivalents, was:

	2014	2013
	No.	No.
Teaching departments	569	574
Non-teaching departments	215	214
	784	788

GOWER COLLEGE SWANSEA

6) STAFF COSTS (continued)

Staff Costs for the Above:

	2014	2013
	£000	£000
Wages and salaries	21,379	21,264
Social Security costs	1,497	1,487
Other pension costs		
- contributions paid	2,811	2,731
- FRS17 adjustment	450	410
- pension enhancements from previous years	45	63
	26,182	25,955
Exceptional restructuring costs	928	130
	27,110	26,085

Higher Paid Staff

The number of senior post holders and other higher paid staff who received emoluments (excluding pension contributions) in the following ranges was:

	2014	2013
	No.	No.
		(restated)
£60,001-£70,000	3	3
£70,001-£80,000	-	1
£80,001-£90,000	2	1
£90,001-£100,000	1	1
£130,001-£140,000	1	1
£140,001-£150,000	-	1

The College operated a voluntary redundancy scheme during the year. Under the scheme, no (2013 : nil) higher paid staff member accepted voluntary redundancy amounting to £nil (2013 : £nil).

The analysis above has been restated for the year ended 31st July 2013 to exclude employer pension contributions in accordance with the Accounts Direction issued by Welsh Government.

GOWER COLLEGE SWANSEA

6) STAFF COSTS (continued)

	2014 No.	2013 No.
The number of Senior Post Holders (including the Principal) during the year was :	1	2
	2014 £000	2013 £000
Emoluments:		
Salaries	136	151
Benefits in kind	-	-
	136	151
Pension contributions	19	21
	155	172
	2014 £000	2013 £000
Principals' emoluments		
Salaries	136	151
Benefits in Kind	-	-
	136	151
Pension contributions	19	21
	155	172

The Principal's emoluments represent the aggregate payments of the incoming and outgoing Principals during 2012/13.

The members of the Corporation, other than the Principal and Staff Governors, did not receive any payment for services from the College, other than the reimbursement of travel expenses during the year.

7) OTHER OPERATING EXPENSES

	2014 £000	2013 £000
Teaching departments	4,061	3,915
Non-teaching costs	2,388	2,564
Premises costs	2,261	2,461
	8,710	8,940

GOWER COLLEGE SWANSEA

7) OTHER OPERATING EXPENSES (continued)

Other operating expenses include:

	2014	2013
	£000	£000
Auditors' remuneration:		
- external audit (see below)	22	25
- internal audit	13	15
Hire of equipment – operating leases	63	55

The external auditor fee includes fees in relation to review of severance payments and grant audits.

Overseas Activities – 2013/14

	Travel & Accom £000	Subsistence & Hospitality £000	Other Costs £000	Number of Visits No.
Governors	-	-	-	-
Senior Post Holder	-	-	-	-
Others	145	-	10	60
	145	-	10	60

Overseas Activities – 2012/13

	Travel & Accom £000	Subsistence & Hospitality £000	Other Costs £000	Number of Visits No.
Governors	-	-	-	-
Senior Post Holder	-	-	-	-
Others	67	-	15	44
	67	-	15	44

8) INTEREST PAYABLE

	2014	2013
	£000	£000
On bank loans repayable in more than five years	10	11
Pension finance costs	-	180
Interest payable on early retirements	9	17
	19	208

9) TAXATION

The College is not liable for any corporation tax arising from its activities.

10) (DEFICIT)/SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

	2014	2013
	£000	£000
College's (deficit)/surplus for the year	(370)	61

GOWER COLLEGE SWANSEA

11) TANGIBLE FIXED ASSETS as at 31 July 2014

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	Equipment £000	Motor Vehicles £000	Total £000
COST/VALUATION					
At 1 August 2013	35,506	384	8,009	439	44,338
Additions	5,253	500	656	-	6,409
Disposal	(85)	(384)	(830)	-	(1,299)
At 31 July 2014	40,674	500	7,835	439	49,448
DEPRECIATION					
At 1 August 2013	11,018	384	6,570	425	18,397
Charge for year	873	-	625	12	1,510
Eliminated upon disposal	(40)	(384)	(829)	-	(1,253)
At 31 July 2014	11,851	-	6,366	437	18,654
NET BOOK VALUE					
At 31 July 2014	28,823	500	1,469	2	30,794
At 1 August 2013	24,488	-	1,439	14	25,941
Inherited	7,671	-	-	-	7,671
Financed by capital grant	5,965	-	133	-	6,098
Other	15,187	500	1,336	2	17,025
At 31 July 2014	28,823	500	1,469	2	30,794

Land and buildings inherited from the Local Education Authority at 1 April 1993 were valued at depreciated replacement cost by Chartered Surveyors from West Glamorgan County Council, Estates Section, Property Services Department. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis. Should these assets be sold, the College would either have to surrender the sale proceeds to the Welsh Government or use them in accordance with the Financial Memorandum with the Welsh Government.

Freehold land and buildings includes £2,548,000 (2013 : £434,000) in relation to Assets in the course of construction. This relates to costs incurred during the acquisition of land adjacent to the Tychoch Campus (£506,000) and the construction of a new teaching block on the Gorseinon Campus (£2,042,000). The teaching block was completed on 29 August 2014.

GOWER COLLEGE SWANSEA

12) DEBTORS

	2014	2013
	£000	£000
Amounts falling due within one year:		
Trade debtors and other debtors	1,887	1,262
Prepayments	152	176
Debtors due within one year	<u>2,039</u>	<u>1,438</u>

13) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£000	£000
Bank loans due within one year	74	74
Capital creditors	828	250
Trade creditors	686	836
Other taxation and social security	454	485
Other creditors	3,910	3,127
	<u>5,952</u>	<u>4,772</u>
Grants received in advance	488	592
	<u>6,440</u>	<u>5,364</u>

14) CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£000	£000
Bank loan	<u>1,047</u>	<u>1,125</u>
	<u>1,047</u>	<u>1,125</u>
Amounts falling as follows :		
Due in less than one year	74	74
Due between one and two years	74	74
Due between two and five years	227	226
Due after more than five years	746	825
	<u>1,121</u>	<u>1,199</u>
	<u>1,121</u>	<u>1,199</u>

The bank loan, which is unsecured and incurs interest at 0.35% above base rate, is held with Lloyds Bank and is due to be repaid by 2026.

GOWER COLLEGE SWANSEA

15) THE PROVISION FOR LIABILITIES AND CHARGES

Provision for liabilities relates to the future cost of premature retirement and other provisions.

	Premature Retirement £'000	Other £'000	Total £'000
At 1 August 2013	1,172	380	1,552
Transfer from income & expenditure	9	-	9
Provision in the year	45	5	50
Released in the year	-	-	-
Pension paid in the year	(83)	-	(83)
At 31 July 2014	<u>1,143</u>	<u>385</u>	<u>1,528</u>

16) DEFERRED CAPITAL GRANTS

	Welsh Gov't Grants £000	Other Grants £000	Total £000
At 1 August 2013			
Land and buildings	4,702	1,416	6,118
Equipment	230	2	232
Cash Received			
Land and buildings	-	-	-
Equipment	-	-	-
Released to income and expenditure			
Land and buildings	(221)	(42)	(263)
Equipment	(97)	(2)	(99)
Transfers from grants received in advance			
Land and buildings	110	-	110
Equipment	-	-	-
At 31 July 2014			
Land and buildings	4,591	1,374	5,965
Equipment	133	-	133
	<u>4,724</u>	<u>1,374</u>	<u>6,098</u>

17) RESERVES

	2014 £000	2013 £000
Revaluation reserve		
At 1 August	7,673	7,909
Contribution to depreciation	(236)	(236)
At 31 July	<u>7,437</u>	<u>7,673</u>

GOWER COLLEGE SWANSEA

17) RESERVES (CONT'D)

	2014	2013
	£000	£000
Income and Expenditure Account Reserve		
Balance at 1 August	5,612	2,305
(Defiicit)/Surplus for the year	(370)	61
Actuarial gain for the year	2,940	3,010
Contribution from depreciation	236	236
Balance at 31 July	<u>8,418</u>	<u>5,612</u>
	2014	2013
	£000	£000
Pension Reserve		
At 1 August	(13,680)	(16,100)
FRS17 Movements	2,570	2,420
At 31 July	<u>(11,110)</u>	<u>(13,680)</u>

18) PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are of the defined benefit type, the assets of the schemes being held in separate trustee-administered funds.

	2014	2013
	£000	£000
TPS contributions	1,611	1,581
LGPS contributions	1,200	1,150
Total pension contributions paid	<u>2,811</u>	<u>2,731</u>
FRS 17 adjustment (LGPS)		
– staff costs	450	410
Enhanced pension charge	45	63
Pension charge for the year	<u>3,306</u>	<u>3,204</u>

GOWER COLLEGE SWANSEA

18) PENSIONS AND SIMILAR OBLIGATIONS (continued)

THE TEACHERS' PENSION SCHEME

INTRODUCTION

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

THE TEACHERS' PENSION ACCOUNT

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

VALUATION OF THE TEACHERS' PENSION SCHEME

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

GOWER COLLEGE SWANSEA

18) PENSIONS AND SIMILAR OBLIGATIONS (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at: www.teachernet.gov.uk/pensions. Department for Education, Mowden Hall, DARLINGTON DL3 9BG Tel: 01325 392214 Fax: 01325 392212 TPS financial note – September 2010

Following the implementation of Teachers Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of contributions. A summary of the rates payable are as follows :

On 1 April 2012 the TPS introduced tiered rates for employee rates based on full time equivalent salaries (FTE). The rates are as follows:

Annual Earnings (FTE)	1 April 2012 to 31 March 2013	1 April 2013 to 31 March 2014	1 April 2014 to 31 March 2015
£0-£14,999	6.4%	6.4%	6.4%
£15,000-£25,999	7.0%	7.0%	7.2%
£26,000-£31,999	7.3%	7.9%	8.3%
£32,000-£39,999	7.6%	8.8%	9.5%
£40,000-£44,999	8.0%	9.2%	9.9%
£45,000-£74,999	8.0%	10.1%	11.0%
£75,000-£99,999	8.4%	10.6%	11.6%
£100,000-£111,999	8.4%	11.2%	12.4%
£112,000+	8.8%	11.2%	12.4%

The employer's contribution rate has been 14.1% throughout this period and will remain at 14.1% up to 31 August 2015 and increase to 16.4% from 1 September 2015.

GOWER COLLEGE SWANSEA

18) PENSIONS AND SIMILAR OBLIGATIONS (continued)

LGPS

The pension costs in respect of the LGPS are assessed in accordance with the advice of an independent qualified actuary using the projected unit method.

The City & County of Swansea LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

The disclosures below relate to the City and County of Swansea Pension Fund (the fund). Gower College Swansea participates in the Local Government Pension Scheme. The Local Government Pension Scheme was a defined benefit scheme based on final pensionable salary until 31 March 2014. From 2014, the scheme was reformed to a scheme based on career average earnings.

The LGPS employers rate for Gower College Swansea was 14.1% for the period to 31 March 2014 and 15.4% thereafter. In addition, the College pays a cash lump sum in relation to the past service deficit.

Over a three year period, the cash lump sum is :

1 April 2012 – 31 March 2013 : £217,000
 1 April 2013 – 31 March 2014 : £225,000
 1 April 2014 – 31 March 2015 : £164,400

The employee rates are tiered based on annual earnings as follows:

Employee contribution rate	1 April 2013 to 31 March 2014 Annual earnings (Full time equivalent)	1 April 2012 to 31 March 2013 Annual earnings (Full time equivalent)	1 April 2014 to 31 March 2015 Annual earnings (Actual)
5.5%	£0 - £13,700	£0 - £13,500	£0 - £13,500
5.8%	£13,701 - £16,100	£13,500 - £15,800	£13,501 - 21,000
5.9%	£16,101 - £20,800	£15,801 - £20,400	n/a
6.5%	£20,801 - £34,700	£20,401 - £34,000	£21,001 - 34,000
6.8%	£34,701 - £46,500	£34,001 - £45,500	£34,000 - £43,000
7.2%	£46,501 - £87,100	£45,501 - £85,300	n/a
7.5%	£87,101 plus	£85,301 plus	n/a
8.5%	n/a	n/a	£43,001 - £60,000
9.9%	n/a	n/a	£60,001 - £85,000
10.5%	n/a	n/a	£85,001 - £100,000
11.4%	n/a	n/a	£100,001 - £150,000
12.5%	n/a	n/a	£150,000+

From April 2014, employee rates are based on pensionable earnings as opposed to full-time equivalent annual earnings.

It is expected that this will result in an average employee contribution rate of 6.3%.

GOWER COLLEGE SWANSEA

18) PENSIONS AND SIMILAR OBLIGATIONS (continued)

In accordance with Financial Reporting Standard No 17 – Retirement Benefits (FRS 17) disclosure of certain information concerning assets, liabilities, income and expenditure related to pension schemes is required.

The latest actuarial valuation of the City and County of Swansea Pension Fund took place on 31 March 2013 and has been updated to 31st July 2014 by a qualified independent actuary. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the fund for FRS17 purposes were:

Main Financial Assumptions

	31 July 2014 (% p.a.)	31 July 2013 (% p.a.)	31 July 2012 (% p.a.)
Inflation - RPI	3.2	3.6	3.1
Inflation – CPI	2.2	2.7	2.1
Rate of general long-term increase in salaries	3.7	4.6	4.6
Rate of increase to pensions in payment	2.2	2.7	2.1
Rate of increase to deferred pensions	2.2	2.7	2.1
Discount rate for scheme liabilities	4.1	4.5	4.1
Discount rate for pension cost over following year	4.1	4.5	4.1

GOWER COLLEGE SWANSEA

Principal Demographic Assumptions

Post Retirement Mortality	31 July 2014	31 July 2013
Males	Standard SAPS	Standard SAPS
Year of Birth Base Table	Normal Health All Amounts (S1NMA)	Normal Health All Amounts (S1NMA)
Rating to above base table* (years)	0	0
Scaling to above base table rates **	105%	110%
Improvements to Base Rate Tables	CMI_2012 with a long term rate of improvement of 1.50% per annum	CMI_2009 with a long term rate of improvement of 1.25% per annum
Future lifetime from age 65 (aged 65 at accounting date)	22.5	21.7
Future lifetime from age 65 (aged 45 at accounting date)	24.7	23.5

Post Retirement Mortality	31 July 2014	31 July 2013
Females	Standard SAPS	Standard SAPS Normal Health All Amounts (S1NFA)
Year of Birth Base Table	Normal Health All Amounts (S1NFA)	Health All Amounts (S1NFA)
Rating to above base table* (years)	0	0
Scaling to above base table rates **	105%	110%
Improvements to Base Rate Tables	CMI_2012 with a long term rate of improvement of 1.50% per annum	CMI_2009 with a long term rate of improvement of 1.25% per annum
Future lifetime from age 65 (currently aged 65)	25.0	23.9
Future lifetime from age 65 (currently aged 45 accounting date)	27.3	25.8

* A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

** The scaling factors shown apply to normal health retirements.

31 July 2014

31 July 2013

Commutation	Each member assumed to exchange 80% of the maximum amount permitted of their pre 1 April 2010 pension entitlements for additional lump sum. Each member assumed to exchange 80% of the maximum amount permitted of their post 31 March 2010 pension entitlements for additional lump sum.	Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2010 pension entitlements for additional lump sum. Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2010 pension entitlements for additional lump sum.
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GOWER COLLEGE SWANSEA

18) PENSIONS AND SIMILAR OBLIGATIONS (continued)

The College's share of the assets of the City & County of Swansea Pension Fund is as follows :

	31 July 2014		31 July 2013		31 July 2012	
	Long-term rate of return expected (% p.a.)	Estimated value (£000)	Long-term rate of return expected (% p.a.)	Estimated value (£000)	Long-term rate of return expected (% p.a.)	Estimated value (£000)
Equities	7.5	22,057	7.8	21,271	7.5	15,849
Property	6.8	1,531	7.3	1,524	7.0	1,124
Government Bonds	3.2	4,021	3.3	4,161	2.5	1,451
Corporate Bonds	3.7	300	4.0	263	3.2	257
Cash	1.1	720	0.9	645	1.4	3,488
Other	7.5	1,381	7.8	1,436	7.5	1,241
Total	6.7	30,010	7.0	29,300	6.2	23,410
Present value of scheme liabilities		<u>(41,120)</u>		<u>(42,980)</u>		<u>(39,510)</u>
Deficit in the scheme		<u>(11,110)</u>		<u>(13,680)</u>		<u>(16,100)</u>

Gower College Swansea of Further Education employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out in this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2014.

Analysis of amount charged to income and expenditure account

	2014 £000	2013 £000
Current service cost	(1,650)	(1,560)
Past service credit	-	-
Total operating charge	<u>(1,650)</u>	<u>(1,560)</u>

Analysis of pension finance cost

	2014 £000	2013 £000
Expected return on pension scheme assets	2,050	1,470
Interest on pension scheme liabilities	(1,970)	(1,650)
Pension finance income/(charge)	<u>80</u>	<u>(180)</u>

GOWER COLLEGE SWANSEA

18) PENSIONS AND SIMILAR OBLIGATIONS (continued)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses

	2014 £000	2013 £000
Actual return less expected return on pension scheme assets	(2,410)	3,270
Experience gains and losses arising on the scheme liabilities	2,580	(20)
Changes in assumptions underlying the present value of the scheme liabilities	2,770	(240)
Total actuarial gain	2,940	3,010

Analysis of movement in pension deficit during the year

	2014 £000	2013 £000
Deficit in scheme at start of year	(13,680)	(16,100)
Current service cost	(1,650)	(1,560)
Contributions towards funded liabilities	1,200	1,150
Past service credit	-	-
Expected return on pension scheme assets	2,050	1,470
Interest on pension scheme liabilities	(1,970)	(1,650)
Actuarial gain	2,940	3,010
Deficit in scheme at end of the year	(11,110)	(13,680)

GOWER COLLEGE SWANSEA

18) PENSIONS AND SIMILAR OBLIGATIONS (continued)

History of experience gains and losses

	For year ending 31 July 2014	For year ending 31 July 2013	For year ending 31 July 2012	For year ending 31 July 2011	For year ending 31 July 2010
Difference between expected and actual return on scheme assets :					
- Amount (£000)	(2,410)	3,270	(1,463)	(1,020)	1,530
- Percentage of scheme assets	(8.0%)	11.2%	(6.2%)	(4.6%)	7.4%
Experience gains / (losses) on scheme liabilities :					
- Amount (£000)	2,580	(20)	150	4,100	140
- Percentage of the present value of the scheme liabilities	6.3%	-	0.4%	12.7%	0.4%
Change in assumptions					
- Amount (£000)	2,770	(240)	(4,200)	(409)	1,540
- Percentage of the present value of the scheme liabilities	6.7%	(0.6%)	(10.6%)	(1.3%)	4.7%
Total amount recognised in STRGL :					
- Amount (£000)	2,940	3,010	(5,513)	2,671	3,210
- Percentage of the present value of the scheme liabilities	7.1%	7.0%	(14.0%)	8.2%	9.7%

Changes in the present value of the LGPS scheme liabilities are as follows :

	2014 £000	2013 £000
Opening present value of liabilities	42,980	39,510
Current service costs	1,650	1,560
Past service credit	-	-
Interest cost	1,970	1,650
Actuarial (gains)/losses	(5,350)	260
Contributions by participants	430	420
Net benefits paid	(560)	(420)
Closing present value of scheme liabilities	41,120	42,980

Changes in the fair value of the LGPS scheme assets are as follows :

	2014 £000	2013 £000
Opening value of assets	29,300	23,410
Expected return	2,050	1,470
Actuarial (losses)/gains	(2,410)	3,270
Contributions by participants	430	420
Contributions by employer	1,200	1,150
Net benefits paid	(560)	(420)
Closing value of assets	30,010	29,300

GOWER COLLEGE SWANSEA

19) RECONCILIATION OF OPERATING (DEFICIT)/SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£000	£000
Operating (deficit)/surplus	(370)	61
(Profit)/loss on disposal	(116)	2
Depreciation	1,510	1,644
Deferred capital grants released to income	(362)	(447)
Decrease in stock	2	2
(Increase)/decrease in debtors	(648)	166
Increase in creditors	608	565
(Decrease) in provisions	(33)	(14)
Interest receivable	(133)	(291)
Interest payable	19	28
Pension cost less contribution payable	370	590
Net cash inflow from operating activities	847	2,306

20) RETURN ON INVESTMENTS AND SERVICING OF FINANCE

	2014	2013
	£000	£000
Interest received	180	334
Interest paid	(10)	(11)
Net cash inflow from returns on investment and servicing of finance	170	323

21) CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2014	2013
	£000	£000
Payments to acquire tangible fixed assets	(5,831)	(2,341)
Disposal of fixed assets	162	-
Deferred capital grants received	-	158
Net cash outflow from capital expenditure and financial investment	(5,669)	(2,183)

22) MANAGEMENT OF LIQUID RESOURCES

	2014	2013
	£000	£000
(Increase)/Decrease in short term cash deposits	(500)	1,850

GOWER COLLEGE SWANSEA

23) FINANCING

	2014	2013
	£000	£000
Repayment of unsecured bank loan	(78)	(73)
	(78)	(73)

24) ANALYSIS OF CHANGES IN NET FUNDS

	At	Cash	Other	At
	01/08/2013	Flows	Changes	31/07/ 2014
	£000	£000	£000	£000
Cash in hand and at bank	7,465	(5,230)	-	2,235
Short term deposits	6,500	500	-	7,000
	13,965	(4,730)	-	9,235
Bank loan due within one year	(74)	74	(74)	(74)
Bank loan due after one year	(1,125)	4	74	(1,047)
Net Funds	12,766	(4,652)	-	8,114

Short term deposits related to fixed term cash deposits with amounts maturing in October 2014 (£3m), November 2014 (£2m) and February 2015 (£2m).

25) CAPITAL COMMITMENTS

	2014	2013
	£000	£000
Commitments contracted for at 31 July	717	4,262
	717	4,262

26) FINANCIAL COMMITMENTS

Commitments under operating leases due next year which expire:

	2014	2013
	£000	£000
Land and Buildings		
Expiring within 1 year	24	119
Expiring between 1 and 2 years inclusive	74	-
Expiring between 2 and 5 years inclusive	-	84
Expiring in over 5 years	-	-
	98	203
Other		
Expiring within 1 year	-	3
Expiring between 1 and 2 years inclusive	2	40
Expiring between 2 and 5 years inclusive	60	3
Expiring in over 5 years	-	-
	62	46

GOWER COLLEGE SWANSEA

27) POST BALANCE SHEET EVENTS

The new National Common Contract of employment was offered to all staff during the year, with more than 90% moving to these terms and conditions in September 2014.

28) GOVERNORS' INTERESTS IN CONTRACTS

Owing to the nature of the College's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's Financial Regulations and normal procurement procedures.

Councillor David Phillips was the Leader of the Council of City & County of Swansea.

Carol Green is the Chief Executive of Swansea Council for Voluntary Services.

Fiona Rees is the Executive Director of Swansea Bay Futures.

Rowland Jones is a Director of Rowland Jones Chartered Surveyors and his brother-in-law is a consultant to Meirion Howells Project Management.

John Britton was a member of the Planning & Strategic Projects Unit at Swansea University at the 31st July 2013. He left Swansea University during the year.

The following transactions have occurred between these organisations :

Organisation	Nature of transaction	2013/14		2012/13	
		Income £000	Expenditure £000	Income £000	Expenditure £000
City & County of Swansea	Educational services	251	15	138	9
SCVS	Educational services	-	31	-	32
Swansea Bay Futures	Marketing	-	5	-	5
Rowland Jones Chartered Surveyors	Estates works	-	1	-	-
Meirion Howells Project Management	Estates consultancy	-	9	-	31
Swansea University	Educational Services & Use of Facilities	n/a	n/a	219	73

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29) FINANCIAL CONTINGENCY FUND

	2014	2013
	£000	£000
Balance brought forward	-	36
Welsh Government grant	558	557
	<u>558</u>	<u>593</u>
Disbursed to students & administration costs	<u>(549)</u>	<u>(593)</u>
Funds carried forward	<u>9</u>	<u>-</u>

Financial Contingency Fund grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.